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Code No. : 16331

**VASAVI COLLEGE OF ENGINEERING (AUTONOMOUS), HYDERABAD**

*Accredited by NAAC with A++ Grade*

**B.E. VI-Semester Main & Backlog Examinations, June-2022**

**Economics and Finance for Engineers**

(Common to EEE, ECE & I.T)

Time: 3 hours

Max. Marks: 60

*Note: Answer all questions from Part-A and any FIVE from Part-B*

**Part-A (10 × 2 = 20 Marks)**

Q. No.	Stem of the question	M	L	CO	PO
1.	Define macro-economics.	2	1	1	2
2.	What is law of demand?	2	2	1	2
3.	What do you mean by cost?	2	1	2	9,11
4.	Draw a break-even chart.	2	3	2	9,11
5.	List out the long-term source of finance.	2	1	3	11
6.	Calculate the profitability index with the help of following data: present value of cash inflows = Rs.1,50,000; present value of cash outflows = Rs.1,00,000; Discount factor = 10%.	2	3	3	11
7.	Calculate current and quick ratio with the help of following information: current assets = Rs.5,00,000; current liabilities = Rs.4,00,000; stock = Rs.1,00,000.	2	2	4	4
8.	What is ratio analysis?	2	2	4	4
9.	List out old and new income-tax slab rates applicable to an individual assessee as per the union budget January 2022.	2	3	5	12
10.	Explain briefly GST and its components.	2	1	5	12
<b>Part-B (5 × 8 = 40 Marks)</b>					
11. a)	Explain any four demand determinants with examples.	4	1	1	2
b)	Calculate price elasticity of demand if Q <sub>1</sub> is 300 units, Q <sub>2</sub> is 500 units with a price reduction of Rs.10 from its old price of Rs.50.	4	3	1	2
12. a)	Explain the differences between short-run and long-run costs.	4	2	2	9,11
b)	Faisal Co-operation makes iron benches and wants to determine the break-even point. The total fixed cost for his business is Rs.60,000 and the variable cost is Rs.40 per bench. He sells the bench for Rs.100 per unit. Calculate contribution per unit, profit volume ratio, breakeven point in volume and value.	4	3	2	9,11

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13. a)	Explain the operating cycle of a manufacturing company.	2	2	3	11																				
b)	The Alpha Company Limited is considering the purchase of a new machine. Two alternative machines (A and B) have been suggested each costing Rs.4,00,000 earnings after taxation are expected to be as follows:	6	2	3	11																				
<table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Cash Inflows (Rs.)</th> </tr> <tr> <th>Machine-A</th> <th>Machine-B</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>40,000</td> <td>1,20,000</td> </tr> <tr> <td>2</td> <td>1,20,000</td> <td>1,60,000</td> </tr> <tr> <td>3</td> <td>1,60,000</td> <td>2,00,000</td> </tr> <tr> <td>4</td> <td>2,40,000</td> <td>1,20,000</td> </tr> <tr> <td>5</td> <td>1,60,000</td> <td>80,000</td> </tr> </tbody> </table>						Year	Cash Inflows (Rs.)		Machine-A	Machine-B	1	40,000	1,20,000	2	1,20,000	1,60,000	3	1,60,000	2,00,000	4	2,40,000	1,20,000	5	1,60,000	80,000
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Discount rate 10%. Which Machine is preferable as per Net Present Value method?																									
14. a)	What is the significance of financial statements?	4	1	4	4																				
b)	From the following information calculate (i) Earning per share (ii) Dividend payout ratio.	4	2	4	4																				
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15. a)	Explain the differences between direct and indirect taxes.	4	1	5	12																				
b)	Discuss the steps in computation of income from salary with imaginary figures.	4	3	5	12																				
16. a)	Explain internal economies of scale.	4	3	1	2																				
b)	Explain the differences between fixed and variable costs.	4	3	2	9,11																				
17.	Answer any <i>two</i> of the following:																								
a)	Explain the sources of short-term sources of finance.	4	2	3	11																				
b)	Discuss the merits and limitations of ratio analysis.	4	2	4	4																				
c)	Explain the steps to compute income from house property.	4	3	5	12																				

M : Marks; L: Bloom's Taxonomy Level; CO; Course Outcome; PO: Programme Outcome

i)	Blooms Taxonomy Level – 1	25
ii)	Blooms Taxonomy Level – 2	37.5
iii)	Blooms Taxonomy Level – 3 & 4	37.5

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